REPORT OF THE

OFFICE OF THE AUDITOR GENERAL

254

REPORT ON PROVIDER PARTICIPATION IN THE MEDI-CAL FEE-FOR-SERVICE PROGRAM

MAY 1975

TO THE

JOINT LEGISLATIVE AUDIT COMMITTEE

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Joint Legislative Audit Committee

GOVERNMENT CODE: SECTIONS 10500–10504

California Legislature

BOB WILSON
CHAIRMAN
ROOM 4126, STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814
(916) 445-6161

August 12, 1975

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of
the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

I am today releasing the Auditor General's report on participation by medical providers in the fee-for-service Medi-Cal program requested by Assemblyman Barry Keene.

The Department of Health is responsible for administering the Medi-Cal fee-for-service program. In fiscal year 1974-75, total estimated expenditures for fee-for-service care are $1.8 billion. The state and federal governments share these expenditures on a 50-50 basis.

The Auditor General's report has cited the following data and deficiencies:

- The Department of Health has not prepared statistics on provider participation trends necessary to effectively plan and manage the delivery of Medi-Cal services.

- One result has been the department's inability to refute a California Medical Association (CMA), February 1975, report that 37 percent of surveyed physicians intended to reduce their acceptance of fee-for-service Medi-Cal patients. In fact, physician participation in fee-for-service Medi-Cal has been increasing.

Since the department advised the Auditor General that it would cost up to $100,000 and take at least six months to furnish the medical care provider participation data requested by the Legislature, the Auditor General requested and obtained this data from the state's fiscal intermediary, Medi-Cal Intermediary Operations (MIO). Such data was provided at no cost to the state within one month from the request.

The Auditor General's review and analysis of the data furnished by MIO on the number of medical care providers, claims activity and dollars paid, disclosed that physician participation in the fee-for-service Medi-Cal program was increasing. Based on the first three months of 1975, participating Medi-Cal physicians will submit 13 percent more fee-for-service claims during 1975 than during 1974.

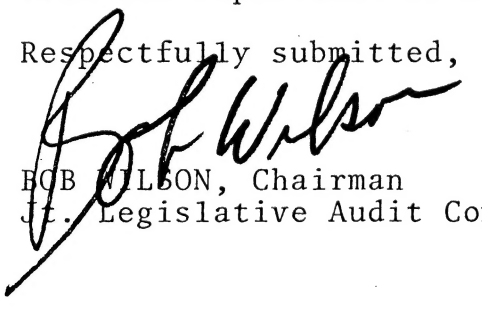
The Auditor General has recommended that:

- The Department of Health request from MIO periodic reports of Medi-Cal medical care provider participation from the computer program developed for the Auditor General and that the department use the reports as tools to assist in planning and managing the Medi-Cal program.

Other pertinent information on the trends in Medi-Cal participation of 20 of the most active fee-for-service medical care providers is contained in the appendix to the report.

A written response to the Auditor General's report received from the Department of Health is contained on page 13.

Respectfully submitted,



BOB WILSON, Chairman
Jt. Legislative Audit Committee

STATE OF CALIFORNIA

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June 9, 1975

Honorable Bob Wilson
Chairman, and Members of the
Joint Legislative Audit Committee
Room 4126, State Capitol
Sacramento, California 95814

Dear Mr. Chairman and Members:

Transmitted herewith is our report on medical care providers' participation in the Medi-Cal fee-for-service program administered by the Department of Health.

Respectfully submitted,

Harvey M. Rose
Auditor General

Staff: Glen H. Merritt
Jerry L. Bassett
Robert M. Neves
Ross A. Luna
Bill L. Myers
David Tacy

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INTRODUCTION

In response to a legislative request, we have obtained information concerning medical care providers' participation in the Medi-Cal program, which is administered by the Department of Health. This report addresses itself to trends in the participation by individual and institutional medical practitioners in Medi-Cal's fee-for-service program.

In contrast to the prepaid health plans, under the fee-for-service system, the medical care providers, i.e., registered medical practitioners, submit claims to the state for reimbursement of medical care after it has been provided to individual Medi-Cal patients. Fiscal intermediaries process the claims for the state and make payments to the providers of medical care according to various rate structures, depending on the type of medical service provided. In fiscal year 1974-75, expenditures for fee-for-service care are expected to total $1.8 billion, or 95 percent of total Medi-Cal health benefits expenditures. The state and federal governments share these expenditures on a 50-50 basis.

The primary source for the provider participation data presented was the provider earnings file maintained by the Medi-Cal Intermediary Operations (MIO). MIO is a private affiliate of California Blue Shield, Blue Cross North and Blue Cross South, which are the state's fiscal intermediaries. MIO's provider earnings file lists year-end 1973 and 1974 total Medi-Cal claims

submitted and total dollars paid to each medical care provider who submitted claims to MIO. Information for years prior to 1973 could not be obtained in a timely manner. Prior to our request for this information, the department had not prepared any statistics on the number of Medi-Cal providers who submitted claims or who were paid for services rendered to Medi-Cal patients.

Providers Excluded from this Study

Excluded from the MIO data were Medi-Cal claims processed for prepaid health services provided in any county and all providers in the following counties:

- Santa Clara and San Diego Counties, where claims were processed by the Medical Management System (MMS) until July 1974. MIO did not have data for Medi-Cal claims processed by MMS, and inclusion of the MIO data for activity since July 1974 would have distorted the reported changes in statewide participation between 1973 and 1974. These two counties accounted for approximately 6,000 providers who rendered services in 1973.

- San Joaquin, Amador, Alpine and Tuolumne Counties, where Medi-Cal services are provided through the San Joaquin Medical Foundation, which included 668 providers in April 1975. MIO also did not have data for the claims processed by this agency.

- Lake, Sonoma and Mendocino Counties, in which all Medi-Cal services are provided through the Redwood Health Foundation, which is a pilot prepaid health project.

Therefore, the MIO data does not consider the activity of about 6,600 medical care providers who participated in Medi-Cal's fee-for-service program in either 1973 or 1974. Combined with the 44,000 active providers whose participation was reported by MIO, we estimate that 50,600 providers participated during the study period. This represents 92 percent of the approximately 55,000 registered providers.

Changes in Total Eligible Beneficiaries

During the two-year period 1973 and 1974, there was an increase in the total number of persons eligible to receive Medi-Cal services. The increase in total eligibles was accounted for almost entirely by increased enrollment in prepaid health plans, so that the number of eligibles who could receive medical care through fee-for-service Medi-Cal providers remained relatively stable. However, since November and December 1974, there has been a marked increase in the number of eligibles for fee-for-service care and a decline in the prepaid health plan enrollment. The number of fee-for-service eligibles increased from 2,090,000 to 2,147,000 during this period. As this increase in fee-for-service eligibles did not occur until the end of the two-year period we reviewed, it is unlikely that any changes in reported provider participation would be a result of this increase in eligibles.

The staffs of the Department of Health and MIO cooperated with us during this study. The staff of Electronics Data Systems, Federal, MIO's data processing subcontractor, donated at no additional state cost time and effort in developing the computer program needed to obtain the number of medical care providers, claims activity and dollars paid from the provider earnings file.

In addition to the copy of the MIO data which was provided to the Office of the Auditor General, copies were also given to the Fiscal Intermediary Section of the Department of Health and the MIO Liaison Activity Office. This was the first time these organizations had received such data on Medi-Cal provider participation.

FINDINGS

THE DEPARTMENT OF HEALTH HAS NOT PREPARED STATISTICS ON PROVIDER PARTICIPATION TRENDS NECESSARY TO EFFECTIVELY PLAN AND MANAGE THE DELIVERY OF MEDI-CAL SERVICES. ONE RESULT HAS BEEN THE DEPARTMENT'S INABILITY TO REFUTE A CALIFORNIA MEDICAL ASSOCIATION (CMA), FEBRUARY 1975, REPORT THAT 37 PERCENT OF SURVEYED PHYSICIANS INTENDED TO REDUCE THEIR ACCEPTANCE OF FEE-FOR-SERVICE MEDI-CAL PATIENTS. IN FACT, PHYSICIAN PARTICIPATION IN FEE-FOR-SERVICE MEDI-CAL HAS BEEN INCREASING.

In February 1975, CMA issued a report of a survey of its members conducted in November and December 1974. This survey indicated that over a third of the physicians participating in fee-for-service Medi-Cal would probably or definitely not accept any new Medi-Cal patients. The report received wide publicity at the time. However, the Department of Health was unable to verify or refute the CMA findings on the basis of any reliable statistics which would indicate whether more or fewer providers of Medi-Cal services were participating in the program or what the trend was in the activity of those providers who were participating.

The department informed us that, to determine such trends, it would cost up to $100,000 and take at least six months to develop and process what statistical data was available from the department's computerized records of Medi-Cal activity for the period 1970 to 1974. Even then, we were told, the resulting statistics might be unreliable because the department's data for 1970, 1971 and 1972 contained numerous errors and inconsistencies. The only statistics which the department had immediately available summarized Medi-Cal

activity by users, but did not relate this to trends in provider participation. Furthermore, the department was not confident of the validity of some of this available data.

Such statistics on trends are necessary to effectively plan and manage the delivery of Medi-Cal services.

Since the department could not furnish us with this data in a timely and economical manner, we referred our request for data on medical care provider participation to the fiscal intermediary, Medi-Cal Intermediary Operations. MIO also had not prepared such statistics but was able to develop a computer program and to compile a comprehensive analysis from its computer records in one month at no additional cost to the state.

The MIO data indicates significantly different Medi-Cal participation trends among the various types of providers for whom consistent data is available for both 1973 and 1974. In 1974, 44,089 providers submitted 23,329,000 claims which resulted in fee-for-service payments of $1.13 billion for services rendered in the study area.

We selected a group of 20 of the most active provider types for analysis. Table 1 (page 8) summarizes the trends in the number of medical care providers, claims submitted and dollars paid for each category. The appendix discusses the trends in the participation of these types of medical care providers indicated by the data in Table 1.

The 20 types selected represented 36,100, or 82 percent, of the 44,089 providers whose 1974 participation was reported by MIO. The 20 selected provider types accounted for 23,128,381, or 99 percent, of all reported claims submissions in 1974, and were responsible for $1.12 billion of the $1.13 billion total reimbursements reported by MIO for that year.

SUMMARY OF MEDI-CAL FEE-FOR-SERVICE MEDICAL CARE PROVIDER PARTICIPATION FOR 20 SELECTED PROVIDER TYPES, 1973-74

Provider Type	Providers 1973	Providers 1974	Providers Percent Increase (Decrease)	Claims Submitted 1973	Claims Submitted 1974	Claims Submitted Percent Increase (Decrease)	Dollars Paid (thousands) 1973	Dollars Paid (thousands) 1974	Dollars Paid (thousands) Percent Increase (Decrease)
PROFESSIONAL									
Individual Physicians	19,705	19,626	(0.4)%	5,610,735	5,636,848	0.5 %	$133,483	$140,977	5.6 %
Group Physicians	3,507	3,784	7.9	2,700,462	2,854,091	5.7	68,828	77,706	12.9
Pharmacists	4,463	4,297	(3.7)	9,101,783	8,626,305	(5.2)	61,157	71,073	16.2
Laboratories	692	684	(1.2)	721,939	768,175	6.4	8,344	9,436	13.1
Optometrists	1,753	1,811	3.3	400,521	393,488	(1.8)	9,655	10,038	4.0
Opticians	326	358	9.8	31,635	31,822	0.6	782	826	5.6
Chiropractors	1,400	1,367	(2.4)	133,251	127,790	(4.1)	1,438	1,219	(15.2)
Podiatrists	740	787	6.4	305,582	334,165	9.4	3,726	4,432	18.9
Physical Therapists	255	271	6.3	11,125	18,640	67.6	143	279	95.1
INSTITUTIONAL									
County Hospitals									
North State, total	40	35	(12.5)	710,805	622,529	(12.4)	160,661	160,492	(1.1)
South State, inpatient	37	28	(24.3)						
South State, outpatient	81	86	6.2	468,705	523,200	11.6	17,443	19,490	11.7
Community Hospitals									
North State, total	176	175	(0.6)	1,109,265	1,215,407	9.6	261,107	314,311	20.4
South State, inpatient	393	378	(3.8)						
South State, outpatient	356	357	0.3	753,651	811,732	7.7	28,002	27,391	(2.2)
Outpatient Clinics	74	145	96.0	72,879	114,968	58.0	3,394	3,996	17.7
Nursing Homes	1,421	1,422	-	767,928	805,089	4.8	230,820	271,879	17.8
Intermediate Care Facilities	24	25	4.2	6,798	7,961	17.1	1,261	2,146	70.2
OTHER									
Home Health Services	82	75	(8.5)	31,196	24,857	(20.3)	1,188	1,334	(12.3)
Ambulance	381	389	2.1	177,700	211,314	18.9	4,392	5,531	25.9
Totals	35,906	36,100	.5	23,115,960	23,128,381	.05	995,824	1,122,556	12.7

Table 1

Physician Participation Is Increasing

Unaudited data provided by MIO disclosed that physician participation in Medi-Cal's fee-for-service program generally increased from 1973 to 1974, and continued to rise in the first quarter of 1975. The number of participating individual physicians dropped slightly from 19,705 in 1973 to 19,626 in 1974. However, this was more than compensated for by an increase of 277 physician group providers, from a total of 3,507 in 1973 to 3,784 in 1974. Claims volume increased slightly for individual practitioners, but rose 5.7 percent for the medical groups. The increases in 1974 dollars paid over 1973 levels corroborate this apparent trend toward group practice; payments to individual physicians increased 5.6 percent to $140,977,000 in 1974, while payments for services rendered by medical groups rose 12.9 percent to $77,706,000.

This data and the continuing upward trend in the first quarter of 1975 disclosed that the physicians have not discontinued accepting new fee-for-service Medi-Cal patients, in contrast to the survey results that CMA reported of physicians' intentions. In fact, the data and trends show that physician participation in fee-for-service Medi-Cal has been increasing. The CMA questionnaire revealed that 37 percent of physicians surveyed in November and December 1974 probably or definitely would not accept new fee-for-service Medi-Cal patients. Nevertheless, based on the first three months of 1975, participating Medi-Cal physicians will submit 13 percent more fee-for-service claims during 1975 than during 1974. (Separate MIO data indicates that first quarter claims volumes are representative of activity in the other three quarters.)

No Systematic Decline In
Provider Participation

Of a selected group of 20 of the most active types of providers of Medi-Cal services, the Medi-Cal participation of nine types generally declined in 1974 from 1973 levels. The Medi-Cal activity in the other 11 provider categories generally increased in the same period.

There was no clear trend of decreasing or increasing participation among all providers between 1973 and 1974. More providers participated in some categories, while the number of participants declined in other categories. Some of the declines may have resulted from shifts in provider participation from the fee-for-service program to Medi-Cal's prepaid health plans (PHPs). The number of PHPs increased by 36 percent from 64 in 1973 to 87 in 1974. The MIO data suggests that some reported increases or decreases in participation are the result of a shift among providers in the provision of services.

The MIO data reveals several trends in claims submissions and dollars paid. Dollars paid generally changed by much higher percentages than did claims submissions. Of the 20 most active medical care provider types, 16 received more dollars per claim submitted in 1974 than in 1973, and the upward trend continued in the first quarter of 1975. In most cases, at least part of this increase was due to higher Medi-Cal reimbursement rates from 1973 to 1974, or to extensions of reimbursable services to those not covered in 1973. Payments to hospitals also could have risen because they are paid mainly on the basis of actual costs. However, no such factors account

for the increased reimbursements received by some providers, such as physicians. The only way these providers' reimbursement rates could have increased under Medi-Cal's fixed price ceilings would have been if more services were billed per claim. For example, MIO statistics on the frequency of different types of office visits to physicians indicate a 3 percent higher level of reimbursement for the average office visit in 1975 than in 1974, which we estimate cost Medi-Cal an additional $1.4 million. However, some portion of this increase may be based on a medical need to provide increasingly complex services during office visits.

Another trend indicated by the MIO data is toward more concentrated provision of Medi-Cal services in many provider categories, especially laboratory, physical therapy, ambulance and intermediate care services. In each of these cases, a smaller number of providers were responsible for larger proportions of total Medi-Cal services by that provider type in 1974 than in 1973, yet the total number of providers increased in every category except laboratories.

CONCLUSION

The Department of Health has not developed accurate statistics on trends in the participation of medical care providers in the fee-for-service Medi-Cal program. As a result, the department has been unable to refute CMA's report that physician participation is generally declining. Data developed for us by the Medi-Cal Intermediary Operations shows that medical care provider participation in Medi-Cal generally

increased between 1973 and 1974 for 11 out of 20 of the most active types of providers, and generally decreased in the other nine provider categories.

Analysis of reliable data on the activity of the suppliers of Medi-Cal services should be a prerequisite to effectively planning and managing the state's $2.1 billion Medi-Cal program. The kinds of data provided for us by MIO should be used by the department to monitor trends in Medi-Cal participation by the various types of medical care providers, to study the effects of Medi-Cal policies on the provision of services, and to modify state policy to meet future demands for care.

RECOMMENDATION

We recommend that the Department of Health request from MIO periodic reports of Medi-Cal medical care provider participation from the computer program developed for us and that the department use the reports as tools to assist in planning and managing the Medi-Cal program.

BENEFITS

Implementation of this recommendation should result in improved planning and managing of the Medi-Cal program.

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

EDMUND G. BROWN JR., Governor
~~RONALD REAGAN, Governor~~

DEPARTMENT OF HEALTH
714-744 P STREET
SACRAMENTO, CALIFORNIA 95814

June 6, 1975

Glen H. (Jack) Merritt, C.P.A.
Chief Deputy Auditor General
Office of the Auditor General
925 L Street, Suite 750
Sacramento, CA 95814

Dear Jack:

We have reviewed your draft "Report on Provider Participation in the Medi-Cal Fee-For-Service Program", and concur with your finding and recommendation. I might add that the report is well written, fair and equitable.

As you may know we are seeking 75% federal reimbursement of the cost of operating our claims processing and information retrieval system in accordance with Section 235, P.L. 92-603. One of the requirements for 75% funding is the production of a management report which appears to comply with your recommendation. I have attached a sample of this report which will be produced monthly beginning July 1975.

With respect to the report itself, you may wish to consider including a definition of participating providers to preclude any confusion.

Thank you for allowing me to review the draft and if I can be of any assistance please let me know.

Sincerely,

Jack R. Brown

Jack R. Brown, Chief
Fiscal Intermediary Section

Attachment

APPENDIX

TRENDS IN MEDI-CAL PARTICIPATION BY SELECTED MEDICAL CARE PROVIDER TYPES

The following analyses are based on MIO unaudited data of the number of medical care providers, claims activity, and dollars paid for services rendered in calendar years 1973 and 1974, as summarized in Table 1 (Page 8). Our conclusions pertain only to aggregate trends in the entire study area. The MIO data's regional breakdown reveals significantly different trends in some areas of the state for many provider types. Our analysis indicated no systematic geographical patterns among regions or among provider types. However, aggregate conclusions of statewide trends may disguise the trends in ease or difficulty which some specific beneficiaries have in obtaining services.

Physicians

Physicians comprise the largest single group of Medi-Cal providers, and their fee-for-service activity in the Medi-Cal program increased between 1973 and 1974. For purposes of this study, they were grouped by type of practice: individual practitioners and medical groups. Participating individual physicians totaled 19,705 in 1973, but dropped slightly to 19,626 in 1974. In contrast, participating medical groups increased from 3,507 to 3,784 in the same period. This increase of 277 medical groups more than compensated for the decline of 79 in individual physicians. Claims volume increased only slightly for individual practitioners, but rose 5.7 percent for medical groups. The increases in 1974 dollars paid over 1973 levels corroborate this apparent trend toward group practice; payments to individual physicians increased 5.6 percent to $140,977,000 in 1974, while payments for services rendered by medical groups rose 12.9 percent to $77,706,000 in 1974.

Pharmacists

Pharmacists comprise the second largest group of participating Medi-Cal providers. Their participation decreased in 1974 from 1973, though they were paid more for their services. Total participating pharmacists declined 3.7 percent from 4,463 in 1973 to 4,297 in 1974. Claims submissions were also down 5.2 percent; this may have been accounted for by the implementation of a consolidated claim form. Despite these declines, participating pharmacists were paid 16.2 percent more, from $61,157,000 in 1973 to $71,073,000 in 1974. Officials of the Department of Health attributed this trend to a series of quarterly and emergency updates of drug price ceilings beginning in October 1973.

Laboratories

Claims activity and dollars paid increased 6.4 percent and 13.1 percent respectively in laboratory participation between 1973 and 1974. However, the total number of participating labs declined slightly from 692 in 1973 to 684 in 1974. The contrast between rising total activity and a declining number of providers suggests increasing concentration in the provision of laboratory services.

Optometrists

The number of active Medi-Cal optometrists increased 3.3 percent from 1,753 in 1973 to 1,811 in 1974. Dollar volume also rose 4.0 percent in the period, perhaps encouraged by an August 1974 increase in reimbursement rates for eyeglasses and frames. However, the number of claims submitted declined

slightly from over 400,000 to 393,000. The increase in providers and decrease in claims activity suggests the participation of more low-volume optometrists in Medi-Cal's fee-for-service program.

Opticians

The participation of dispensers of Medi-Cal eyeglasses and frames increased between 1973 and 1974. The number of participating opticians rose 9.8 percent from 326 in 1973 to 358 in 1974. Dollar volume also increased 5.6 percent, perhaps due to the August 1974 materials rate increase which also applied to optometrists. Opticians also submitted slightly more claims in 1974 than in 1973.

Chiropractors

Chiropractic participation in Medi-Cal's fee-for-service program declined in 1974 from 1973 levels. The number of participating chiropractors decreased 2.4 percent from 1,400 in 1973 to 1,367 in 1974. Claims submissions dropped 4.1 percent and dollar volume fell 15.2 percent from 1973 levels. Department officials suggested that two policy changes may have caused these declines. In October 1973, the department limited reimbursable chiropractic services to those involving manipulation of the spine and taking spinal X-rays. Then in May 1974, the department eliminated chiropractic X-rays as a Medi-Cal benefit.

Podiatrists

Podiatrists increased their participation in Medi-Cal in 1974 over their 1973 participation. The number of participating podiatrists rose 6.4 percent from 740 in 1973 to 787 in 1974. Claims submissions increased 9.4 percent in the same period and dollar payments climbed 18.9 percent. A change in Medi-Cal policy may have contributed to these increases. In January 1974, coverage was extended to podiatrist visits to nursing home and intermediate care patients, if the podiatrist secured prior authorization from a Medi-Cal consultant.

Physical Therapists

Physical therapists increased their participation in Medi-Cal in 1974 over that in 1973. The number of participating therapists increased 6.3 percent from 255 to 271 in the period. Claims activity rose 67.6 percent, from 11,000 in 1973 to nearly 19,000 in 1974. Dollars paid nearly doubled to $279,000 in 1974. Department officials speculate that a contributing factor may have been the February 1974 extension of reimbursable services to include active maintenance therapy in nursing homes.

Institutional Care

For purposes of analyzing the MIO data, institutional care includes inpatient, outpatient and convalescent services provided in clinics, hospitals, nursing homes and intermediate care facilities. Each type of service can be considered only in the context of the others because a single provider may provide several or all three types of service.

Between 1973 and 1974 there was a decline in the provision of acute inpatient care to Medi-Cal patients in county and community hospitals. This is especially indicated by the 24.3 percent decline in participating Southern California county hospital inpatient providers; the number of Southern California community hospital inpatient care providers declined 3.8 percent. The corresponding Northern California data shows smaller declines, in part because this data also includes outpatient and convalescent care, which registered increases in Medi-Cal participation in Southern California hospitals, outpatient clinics and convalescent facilities. The Northern California providers' outpatient and convalescent services may have followed a similar trend.

Outpatient care providers increased their Medi-Cal participation in 1974 over 1973 levels. The number of providers of county and community outpatient care in Southern California increased 6.2 percent and 0.3 percent, respectively. Claims activity rose 11.6 percent for county hospital outpatient and 7.7 percent for community hospital outpatient care. In both county and community hospitals, there was thus an apparent shift from inpatient to outpatient care, though the trend was more pronounced in the county hospitals.

Even more dramatic increases in Medi-Cal outpatient care are indicated for independent outpatient clinics. However, MIO officials inform us that the near doubling in the number of clinics and the 58 percent increase

in claims submissions between 1973 and 1974 exaggerate real increases in outpatient clinic participation. In June 1974, surgery centers and family planning clinics were given licenses as outpatient clinics. These additions greatly inflated the 1974 count of providers, if not the reported claims and dollars volumes.

Participation by convalescent care providers, including nursing homes and intermediate care facilities, increased between 1973 and 1974, though the number of providers did not change substantially. Nursing home claims submissions rose 4.8 percent to 805,000 in 1974 over 1973 levels, and nursing homes were paid 17.8 percent more, from $230,820,000 in 1973 to $271,879,000 in 1974. The corresponding claim and dollar percentage increases were even larger for the few intermediate care facilities not connected with a nursing home. The large increases in dollars paid to both of these provider types were due in part to reimbursement rate increases totaling 12.5 percent in late 1973 and early 1974. Claims activity may have been encouraged by the rate increases as convalescent care providers are more willing to accept patients at the higher rates.

Home Health Services

Basic medical and custodial services provided to Medi-Cal patients in their homes declined between 1973 and 1974. Total providers decreased 8.5 percent from 82 in 1973 to 75 in 1974, and claims submissions fell 20.3 percent. Dollars paid declined 12.3 percent to $1,334,500 in 1974, despite an August 1974 rate increase.

Ambulance Services

Medi-Cal ambulance services increased between 1973 and 1974. Total providers rose slightly in the period from 381 to 389. Claims submissions increased 18.9 percent and dollars paid increased 25.9 percent from $4,392,000 to $5,531,000. An August 1974 rate increase may have contributed to the increases.